## **CATHEDRAL CITY**

## **Economic Report**

Compiled For
Coachella Valley Economic Partnership

By

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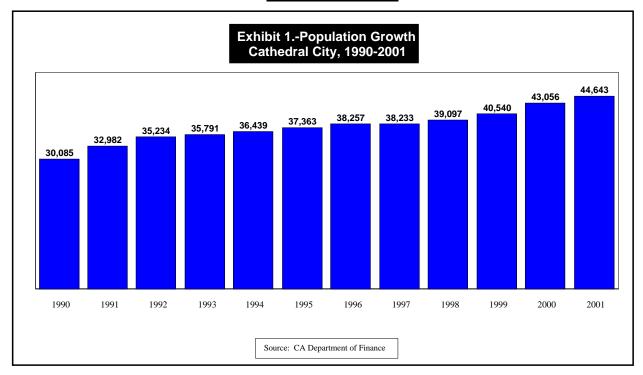
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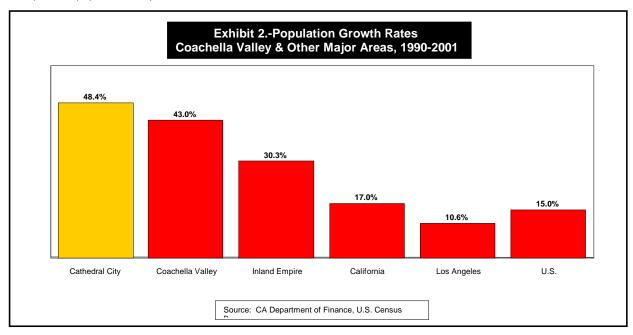
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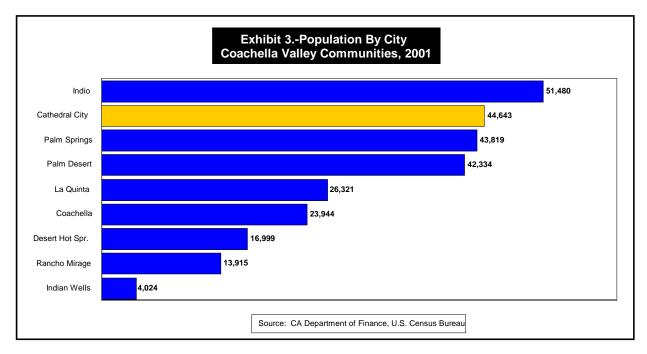
## Cathedral City Report, 2001

#### I. Demographics

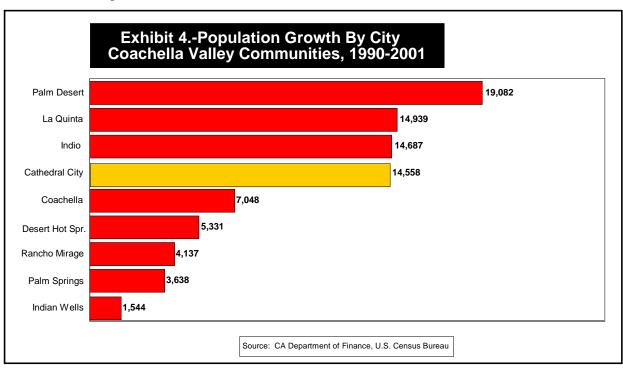


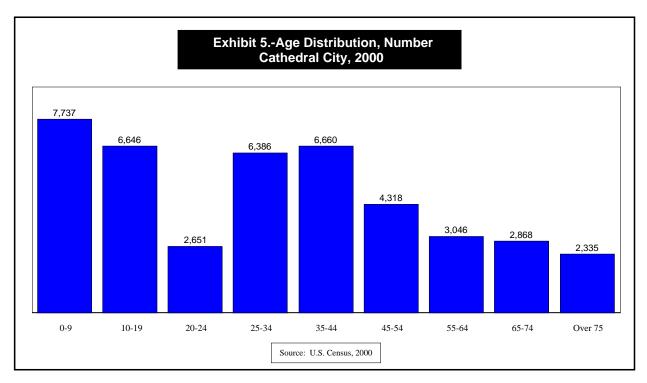
- From 1990-2001, Cathedral City's population increased from 30,085 to 44,643. This was a gain of 14,558 people in eleven years (*Exhibit 1*).
- Cathedral City's 48.4% increase in population from 1990-2001 was faster than the Coachella Valley (43.0%), the surrounding Inland Empire (30.3%), California (17.0%) or the U.S. (15.0%) (Exhibit 2).



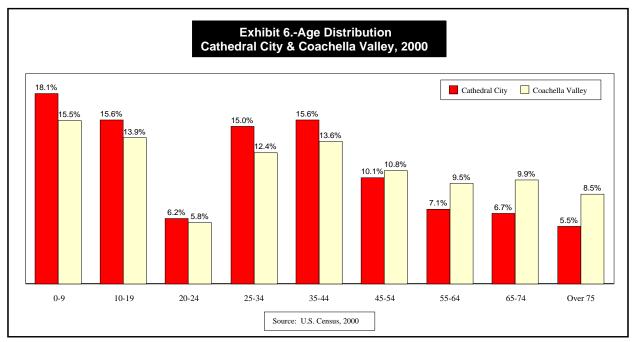


- In 2001, Cathedral City (44,643) was the second largest community in the Coachella Valley, behind Indio (51,480). Two other cities had just under 45,000 residents: Palm Springs (43,819) and Palm Desert (42,334) (Exhibit 3). The region's smallest cities were Rancho Mirage (13,915) and Indian Wells (4,024).
- From 1990-2001, Cathedral City had the 4<sup>th</sup> largest gain in new residents among the Coachella Valley's nine cities (14,558). The largest gain was in Palm Desert (19,082). Two other cities added just under 15,000 people (*Exhibit 4*): La Quinta (14,939) and Indio (14,687). The fewest people were added by Indian Wells (1,544), Palm Springs (3,638) and Rancho Mirage (4,137).

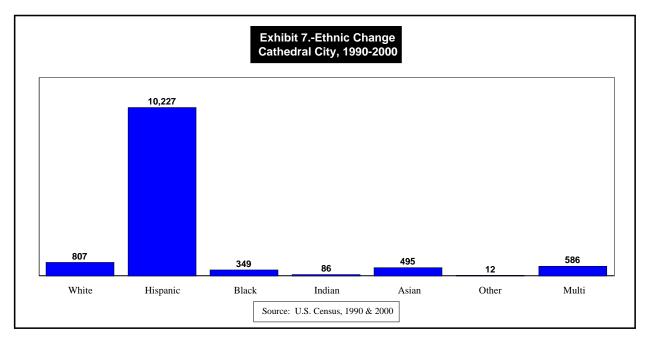




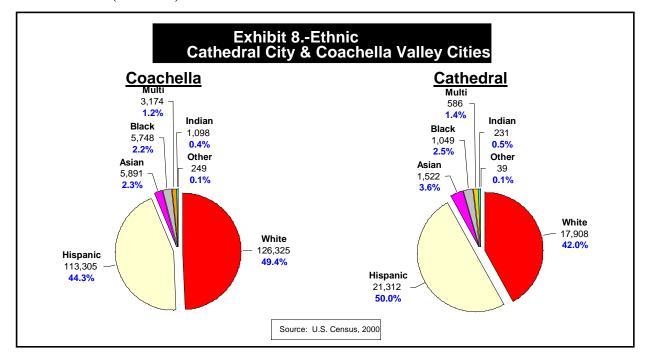
- In 2000, the largest population group in Cathedral City was children 0-9 (7,737; 18.1%). Next was a near tie between adults 35-44 (6,660;15.6%) and the 10-19 group (6,646; 15.6%). The 25-34 group was fourth (6,386; 15.0%). In each case, these groups were much larger than for the Coachella Valley generally.
- Cathedral City had 8,249 adults ages 55 and up. They represented 19.3% of its population. This was in sharp contrast to the 28.0% in this group for the Coachella Valley generally (*Exhibit 5-6*).

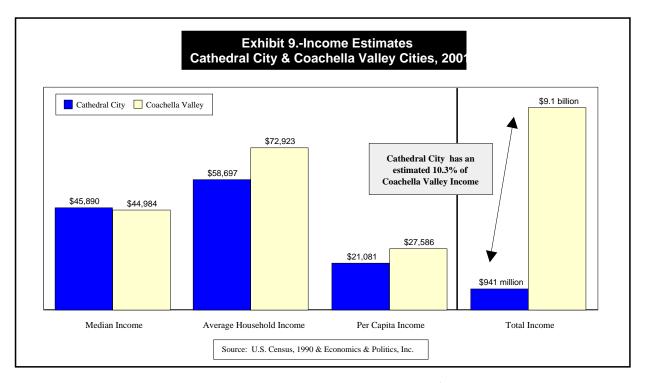


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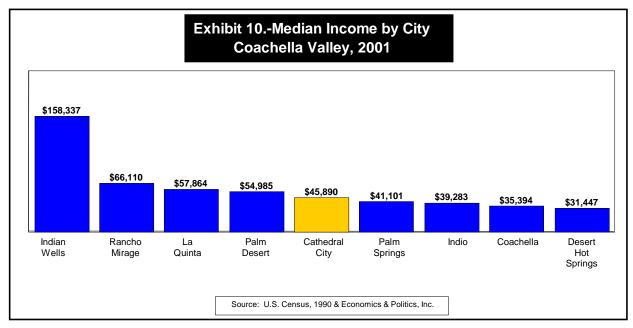


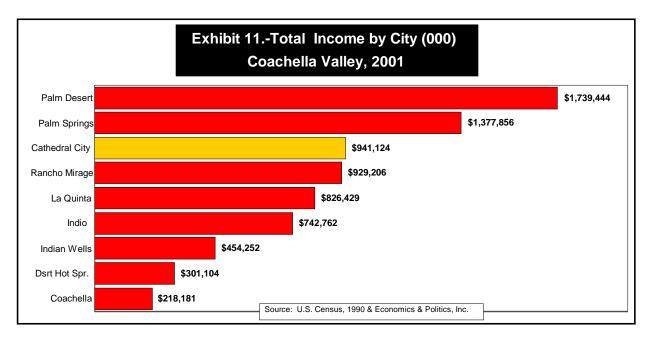
- From 1990-2000, the U.S. Census showed Cathedral City adding 12,562 people. Of these, the largest gain was 10,227 among Hispanics or 81.4% (*Exhibit 7*).
- Whites accounted for 807 of Cathedral City's population increase or 6.4%. All other groups represented 1,528 or 12.2%.
- As a result of these changes, from 1990-2000, the share of population in Cathedral City that was White went from 56.8% to 42.0%. The Hispanic population went from 36.8% to 50.0% (1990 distribution's not shown).
- In 2000, the Coachella Valley's White population was 49.4% and its Hispanic population was 44.3% (*Exhibit 8*).





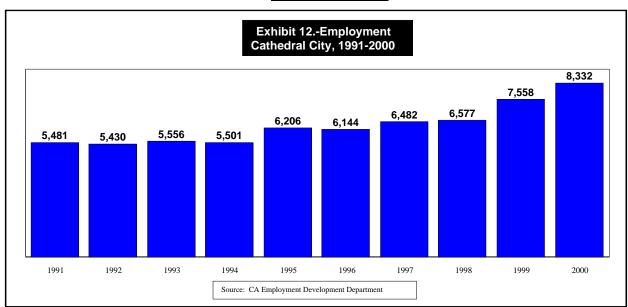
- In 2001, it is estimated that Cathedral City's total income was \$941 million. That was 10.3% of the \$9.1 billion in total income of the Coachella Valley (*Exhibit 9*).
- Cathedral City's median income (\$45,890) was above the regional figure of \$44,984 as medians are not influenced by the very high incomes in some areas. Its average household income of \$58,697 compared to \$72,923 for the Coachella Valley. Its per capita income of \$21,081 was below the valley's \$27,586.
- Cathedral City's median income ranked in the middle of the wide variation found among Coachella Valley communities. The valley's range was from \$158,337 in Indian Wells to \$31,447 in Desert Hot Springs (*Exhibit 10*).



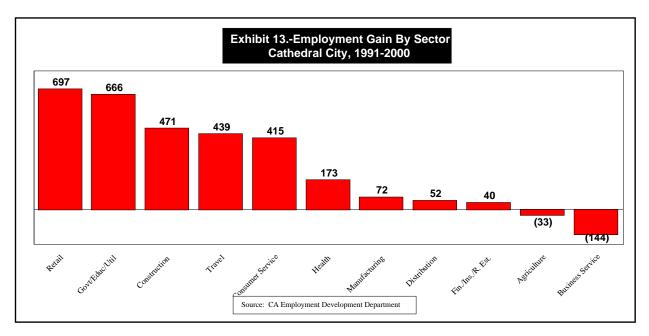


• Cathedral City is estimated to have had the third highest total income in the Coachella Valley at \$941.1 million during 2001 (*Exhibit 11*). It was exceeded by Palm Desert (\$1.7 billion) and Palm Springs (\$1.4 billion). Rancho Mirage was just behind it (\$929 million).

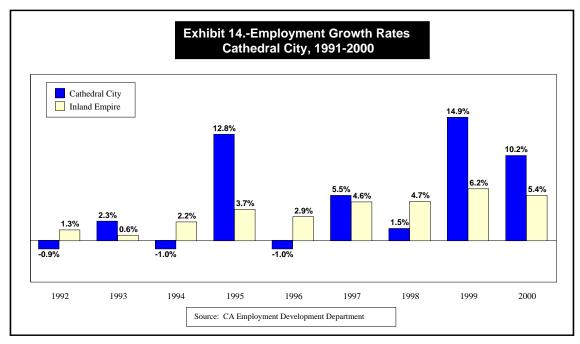
#### II. Employment

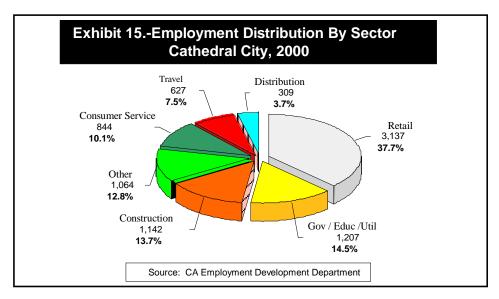


- From 1991-2000, Cathedral City's employment went from 5,841 to 8,332.
- The city had a gain of 2,851 jobs or 52.0% (*Exhibit 12*).
- During the recession of the early 1990s, the city's employment was flat. It moved up in steps until 1998 and surged in 1999 and 2000.

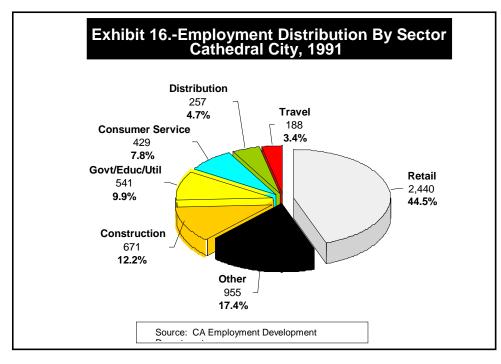


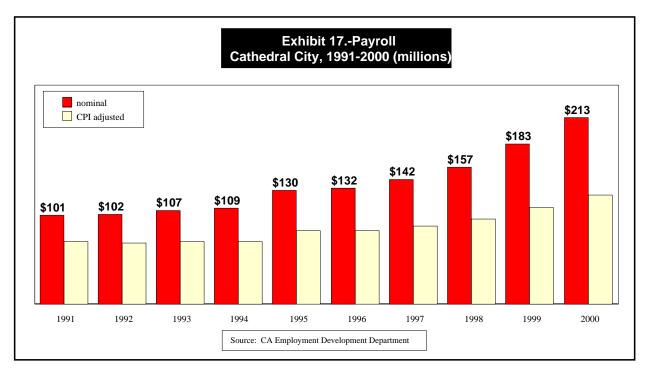
- Cathedral City's retail sector accounted for 697 of its 2,851 new jobs from 1991-2000 or 24.5% (*Exhibit 13*). The public and utility sectors added 666 jobs in this period or 23.4% of the job growth. Both of these gains can be attributed to the city's rising population.
- Construction added 471 jobs and the hotel and entertainment sector added 439.
- Two sectors has small employment losses: agriculture (-33) and business services (-144).
- In 1999 and 2000, Cathedral City added jobs much faster than the surrounding Inland Empire. Its growth rates were 14.9% and 10.2% compared to the region's 6.2% and 5.4%. Significantly, Southern California's inland region was the state's fastest growing major area (*Exhibit 14*).



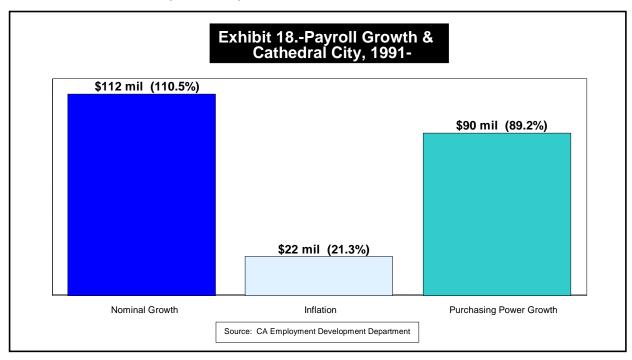


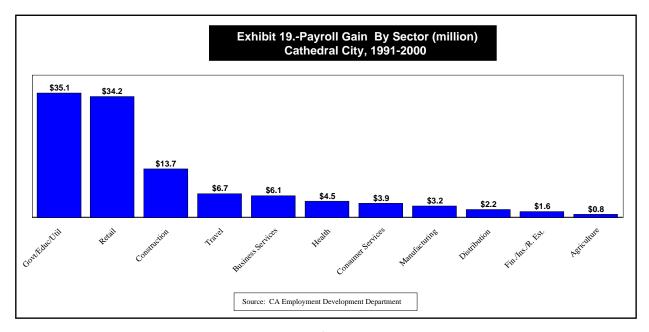
- Cathedral City's general economic expansion from 1991-2000 was accompanied by an increase in the diversity of its economy. Though the large retail sector was its fastest growing, its share of employment fell from to 44.5% to 37.7% (*Exhibits 15-16*).
- At the same time, the city's expanding population meant that the growth in government, education and utility employment caused their share of the job base to rise from 9.9% in 1991 to 14.5% in 2000. It became the city's second most important group of employers.
- Construction growth caused that sector to increase from 12.2% of employment to 13.7%. Rising population pushed consumer services from 7.8% to 10.1%. The Coachella Valley's expanding travel industry pushed hotel & amusement from 3.4% to 7.5%.
- Despite adding employment, the city's smaller "other" sectors fell from 17.4% of the jobs in 1991 to 12.8% in 2000 and distribution fell from 4.7% to 3.7%.



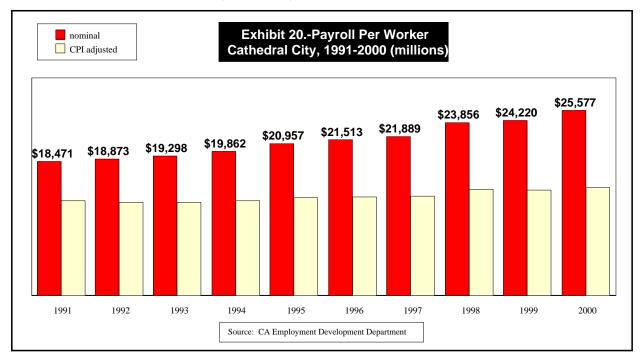


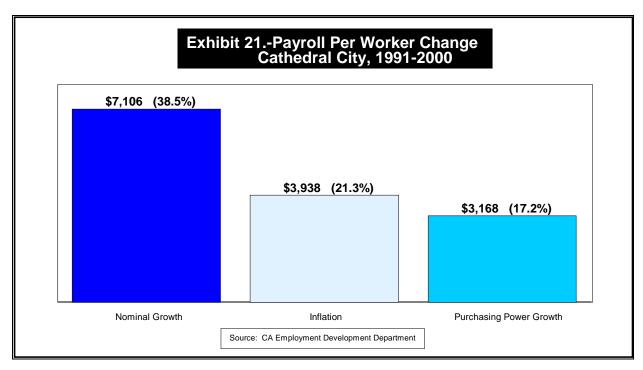
- From 1991-2000, the total payroll released by Cathedral City's firms and agencies more than doubled from \$101 million to \$213 million(*Exhibit 17*).
- The gain in Cathedral City's payroll from 1991-2000 was \$112 million or 110.5%.
- Of this \$112 million gain in payroll, \$22 million was needed by workers to make up for the 21.3% increase in Southern California's prices that occurred from 1991-2000. When this was deducted, Cathedral City still saw the purchasing power of its local payrolls increased by \$90 billion or 89.2% (*Exhibit 18*).



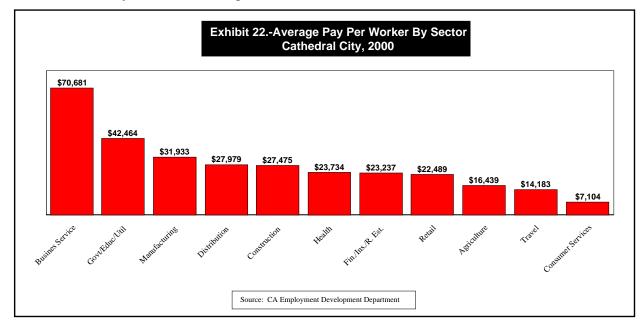


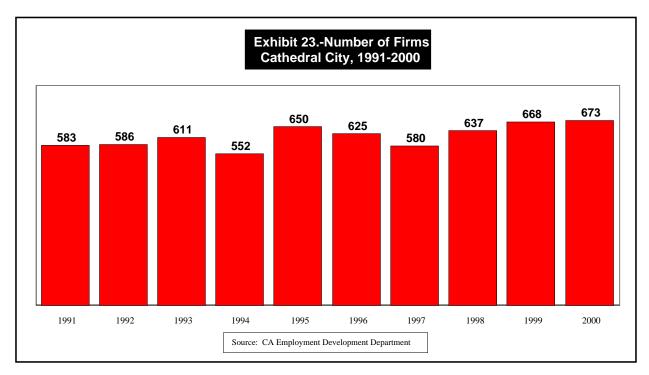
- From 1991-2000, the largest share of the \$112 million increase in the Coachella's Valley payrolls (31.4%) was from a \$35.1 million gain in the government, education and utility group (*Exhibit 19*).
- Retailing accounted for the second greatest share of the gain (30.5%) as payrolls increased \$34.2 million. These two sectors were responsible for 61.9% of the new payroll released in the city. The construction sector ranked third accounting for \$13.7 million of Cathedral City's payroll expansion.
- In 1991, the average pay per worker in Cathedral City was \$18,471. By 2000, this had reached \$25,577, exactly to the average pay level for the full Coachella Valley. It was an increase of \$7,106 or 38.5% (*Exhibit 20*).



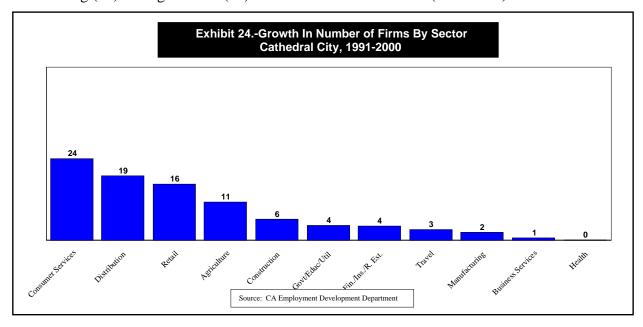


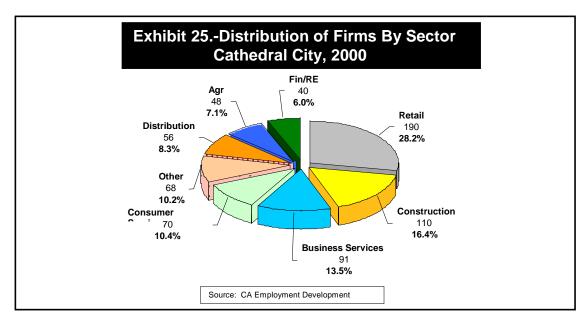
- While Cathedral City's average pay per worker grew by \$7,106 from 1991-2000, \$3,938 of the gain was needed to keep up with the 21.3% gain in Southern California's prices. As a result, the average worker's purchasing power rose \$3,168 or 17.2% (*Exhibit 21*).
- There is a good correlation between average pay by sector in Cathedral City and the education or technical training required by workers within it. The highest paying sectors used well-educated workers: business services (\$70,681), public & utility group (\$42,464).
- Blue collar sectors paid relatively well: manufacturing (\$31,933), distribution (\$27,979) and construction (\$27,475).
- The lowest paying sectors were consumer services including temporary workers (\$7,104), the travel industry (\$14,183) and agriculture (\$16,439) (Exhibit 22).



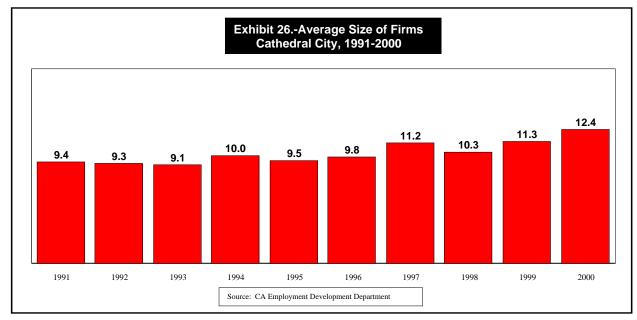


- The number of firms in Cathedral City has risen irregularly from 583 in 1991 to 673 in 2000, a gain of 90 firms or 15.4% (*Exhibit 23*).
- These numbers should be viewed as long term "general trend" data not "exact" data as they do not include entrepreneurs with no payroll. For this reason, small upward or downward fluctuations from year to year are not significant as they generally involve very small firms switching from pure entrepreneurs to employers of one or two workers.
- From 1991-2000, the largest number of firms were added in the consumer service sector (24) due to the city's growing population. The next largest gains were in distribution (19), retailing (16) and agriculture (11). The health sector was flat (Exhibit 24).

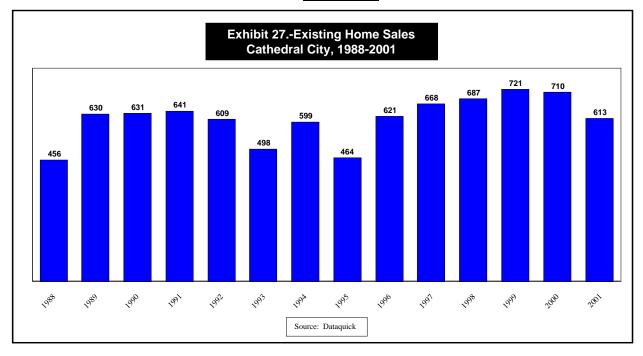




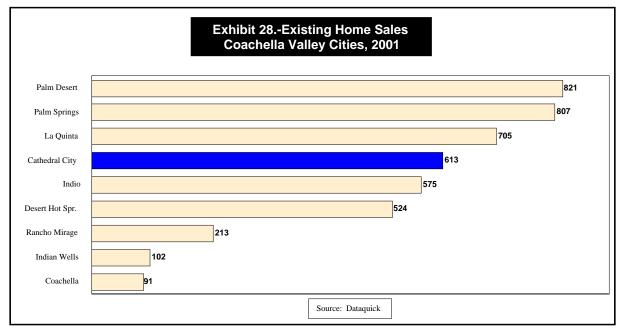
- Among the major sectors, the largest number of Cathedral City's firms in 2000 were those related to the city's growth: retailing (190; 28.2%) and construction (110; 16.4%).
- The next largest sectors were business services (91; 13.5%) and consumer services (70; 10.4%). In 2000, the 68 firms in smaller sectors accounted for 10.2% of the companies (Exhibit 25).
- In 1991, the average number of workers in Cathedral City's firms was 9.4. This remained relatively constant until 1997 when in reached 11.2. After some fluctuation, the average size reached 12.4 workers per firm in 2000 (*Exhibit 26*).
- Cathedral City's firms remain small by Coachella Valley's standards. In the valley as a whole, the average firm employed 17.5 workers in 2000.

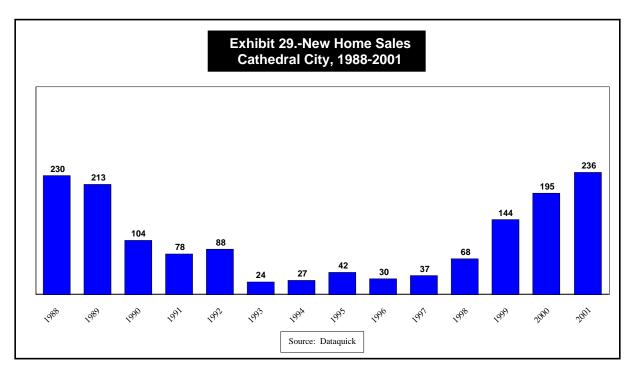


#### III. Housing

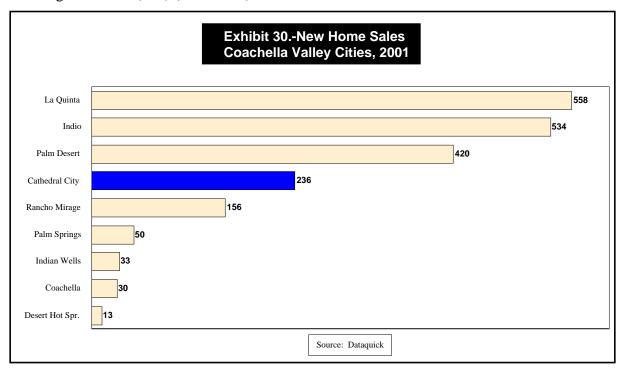


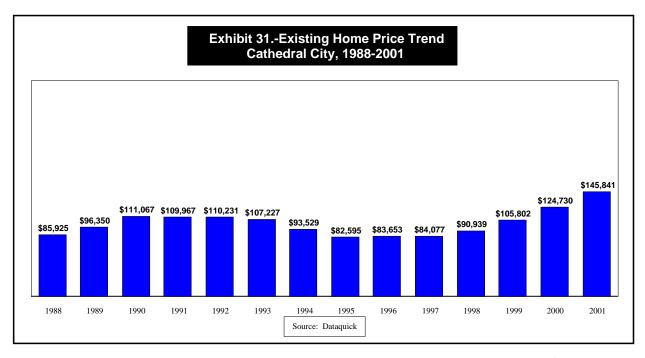
- In the past several years, Cathedral City's sales have generally been in the 600-700 unit range. The main exceptions were two difficult years during Southern California's recession when sales fell below 500 units in 1993 and 1995. In 1999-2000, sales soared to over 700 units before settling back to the normal range in 2001 (*Exhibit 27*).
- In 2001, Cathedral City had the fourth highest sales in the Coachella valley at 613 units. Palm Desert (821) led the region followed by Palm Springs (807) (Exhibit 28). La Quinta (705) was just ahead of Cathedral City. Indio was just behind it (575).



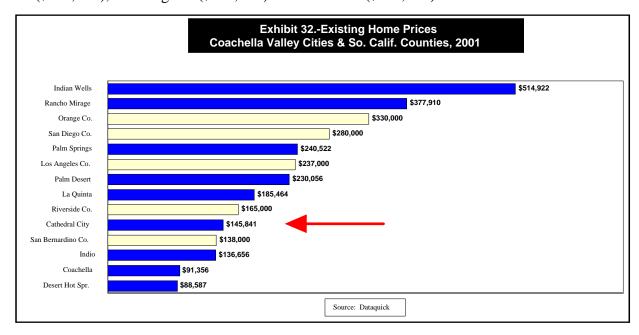


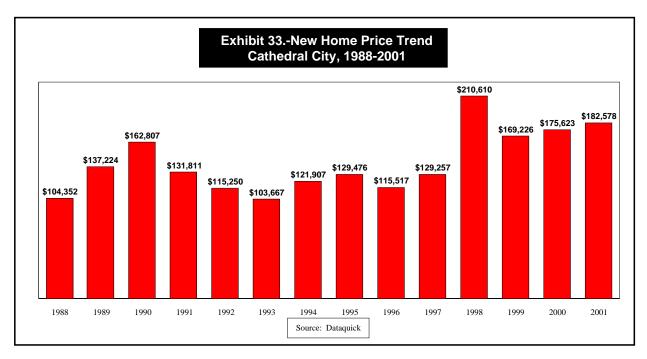
- In 2001, Cathedral City's new home sales rose to a new record of 236 sales (*Exhibit 29*), exceeding the previous record set in 1988 (230).
- During the recession of the early 1990s, the city's new home sales almost vanished, falling as low as 24 units in 1993. The true recovery began in 1999 when sales jumped to 144 units before moving on to 195 in 2000 and the record in 2001.
- In 2001, Cathedral City's new home sales ranked fourth in the Coachella Valley. La Quinta (558) and Indio (534) led. Palm Desert (420) was just ahead of Cathedral City and Rancho Mirage was next (156) (Exhibit 30).



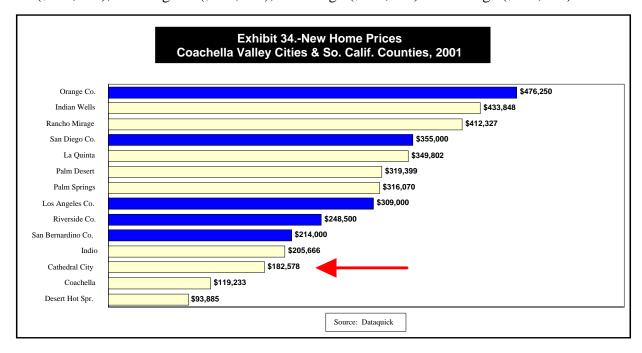


- Cathedral City's median existing home prices were at a record high in 2001 at \$145,841, up 16.9% over 2000. Since the post-recession low of \$82,595 in 1995, the city's median price has increased \$63,246 or 76.6% (*Exhibit 31*).
- Cathedral City's existing homes are reasonably priced by Coachella Valley and Southern California standards. In 2001, its \$145,841 median price ranked sixth in the valley. The price was just below that of La Quinta (\$185,464) and above that of Indio (\$138,656) (Exhibit 32).
- The city's median existing home price (*half above and below*) was higher than that for San Bernardino County (\$138,000), but below those of Orange (\$330,000), San Diego (\$280,000), Los Angeles (\$237,000) and Riverside (\$165,000) counties.

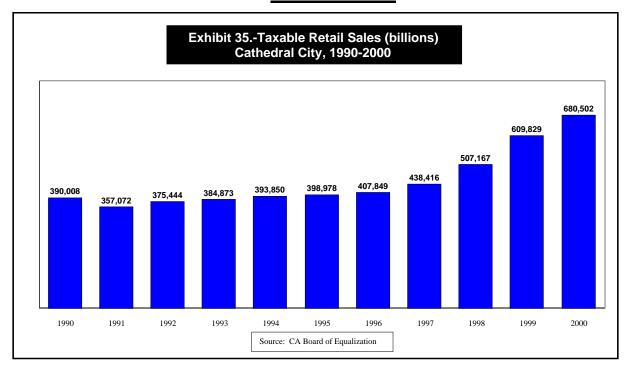




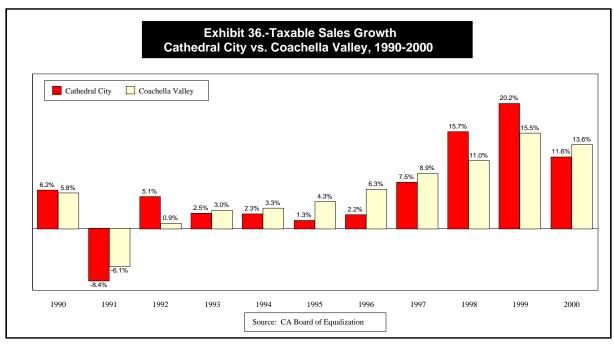
- Cathedral City's median new home price spiked to a record of \$210,610 in 1998 when 68 homes were sold. Since then volume has increased and prices have moved from \$169,226 for the 144 homes sold in 1999, to \$182,578 for the 236 sold in 2001 (*Exhibit 33*).
- Cathedral City's new homes are also reasonably priced by Coachella Valley and Southern California's standards. In 2001, its \$182,578 median price ranked seventh in the valley. It was just below that of Indio (\$205,666) and well above that of Coachella (\$119,233) (Exhibit 34).
- The city's new homes are a bargain by Southern California's standards. Its 2001 median price was well below those in each county: San Bernardino (\$214,000), Riverside (\$248,500), Los Angeles (\$309,000), San Diego (\$355,000) and Orange (\$476,250).

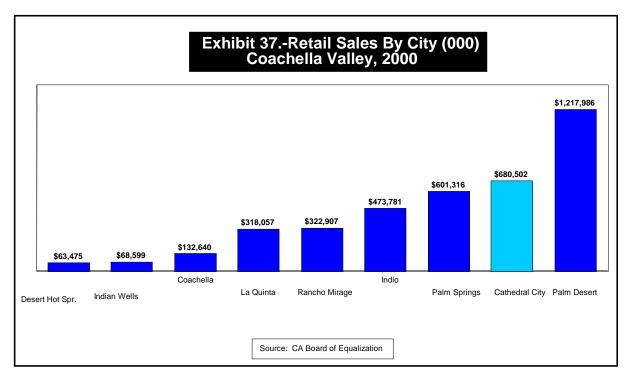


#### IV. Taxable Sales

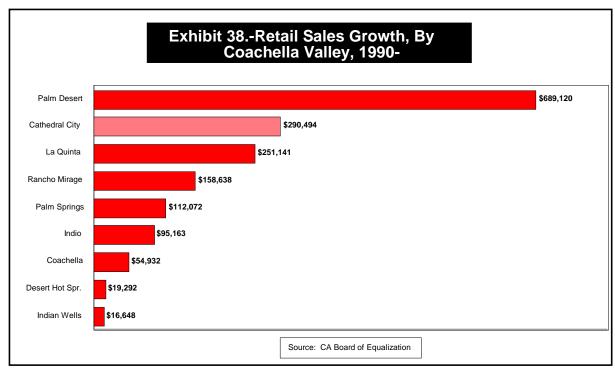


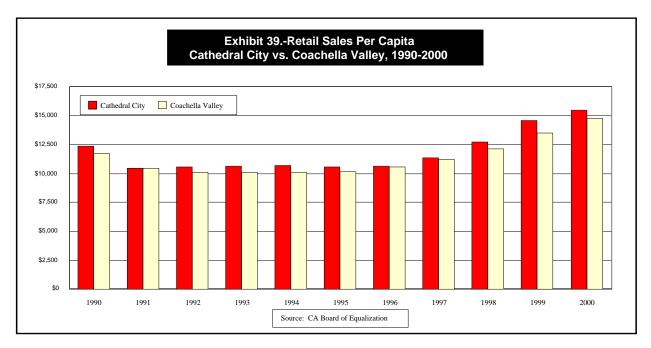
- Cathedral City's retail sales have soared in recent years. In 2000, the city's taxable sales reached a record \$680.5 million, up \$290.5 million or 74.5% from their \$390.0 million level in 1990 (*Exhibit 35*). In 2000 alone, the community's sales rose \$70.7 million.
- Cathedral City's sales began taking off in 1997, when they rose 7.5%. In 1998-2000, growth continued at double digit rates: 15.7%, 20.2%, 11.6% (*Exhibit 36*). In 1998 and 1999, the city out grew the rapidly expanding Coachella Valley (11.0%, 15.5%).



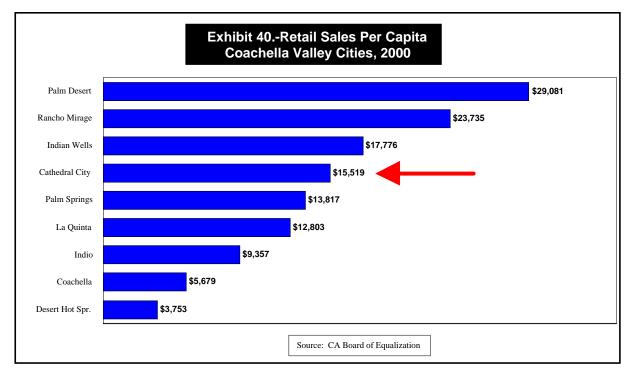


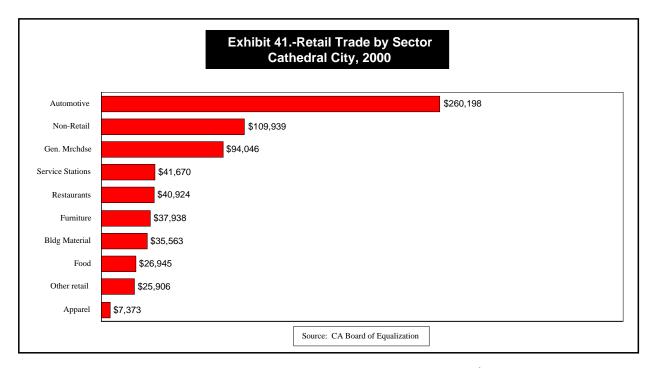
- In 2000, Cathedral City (\$681 million) had the second highest retail sales in the Coachella Valley. Palm Desert led the region with \$1.2 billion. Palm Springs (\$601 million) ranked third (Exhibit 37).
- From 1990-2000, Cathedral City added \$290.5 million in sales. That was the second largest gain in sales after Palm Desert (\$689.1 million). The third biggest gain was in La Quinta (\$251.1 million) (Exhibit 38).





- A key measure of prosperity is per capita taxable sales as it shows how well communities can finance services to *each* resident. In 2000, Cathedral City's per capita sales were a record \$15,519. The city's sales per person exceeded the \$14,780 level for the Coachella Valley (*Exhibit 39*). By comparison, the rate for the Inland Empire was \$10,773. It was \$12,803 for all of California.
- Among the Inland Empire's 48 cities, Cathedral City ranked 12<sup>th</sup> in per capita sales. Within the Coachella Valley, its position was fourth (*Exhibit 40*). Indian Wells was just higher (\$17,776). Palm Springs was the next lowest (\$13,817).



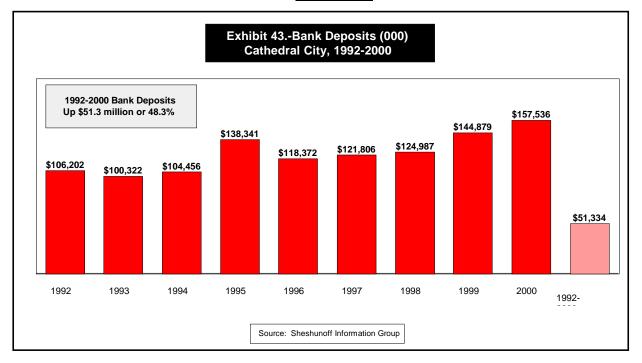


- In 2000, Cathedral City's automotive sector had the largest sales at \$260.2 million. That was 38.2% of the city's \$680.5 million in total 2000 sales (*Exhibit 41*).
- Cathedral City's second largest retail sales came from non-retail outlets like manufacturers, distributors, builders and professionals selling "direct" to consumers. They accounted for \$109.9 million or 16.2% of its sales. The third largest sector was general merchandise stores. Their sales totaled \$94.0 million.
- From 1999-2000, Cathedral City's taxable sales grew by \$70.7 million (11.6%) (Exhibit 42). The automobile and auto parts sector had the lion's share of this gain (up \$32.2 million; 45.6% share). Its service stations were the next most important sector (up \$8.2 million; 11.6% share).
- Note that non-retail outlets had a small decline in sales from 1999-2000 (-\$3.9 million)

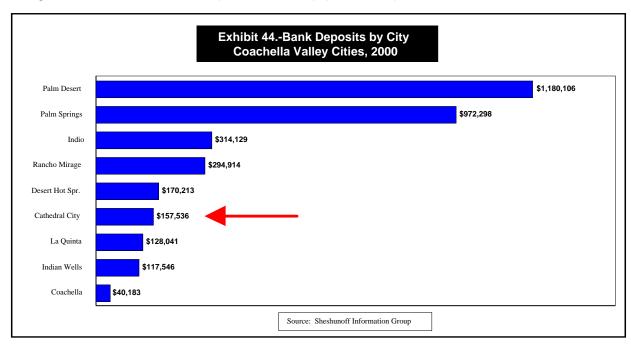
Exhibit 42 Retail Trade By Sector, Growth Rate, Share of Gain Cathedral City, 1999-2000 (000)								
Sector	1999	2000	Growth Rate	Gain	Share of Gain			
Apparel	\$6,118	\$7,373	20.5%	\$1,255	1.8%			
General Merchandise	\$86,212	\$94,046	9.1%	\$7,834	11.1%			
Food	\$26,249	\$26,945	2.7%	\$696	1.0%			
Restaurants	\$38,935	\$40,924	5.1%	\$1,989	2.8%			
Furniture & Appliance	\$34,021	\$37,938	11.5%	\$3,917	5.5%			
Building Materials	\$21,938	\$35,563	62.1%	\$13,625	19.3%			
Automotive	\$227,984	\$260,198	14.1%	\$32,214	45.6%			
Service Stations	\$33,452	\$41,670	24.6%	\$8,218	11.6%			
Other retail	\$21,051	\$25,906	23.1%	\$4,855	6.9%			
Total Retail	\$495,960	\$570,563	15.0%	\$74,603				
Non-Retail	\$113,869	\$109,939	-3.5%	(\$3,930)	-5.6%			
Taxable Sales	\$609,829	\$680,502	11.6%	\$70,673	100.0%			

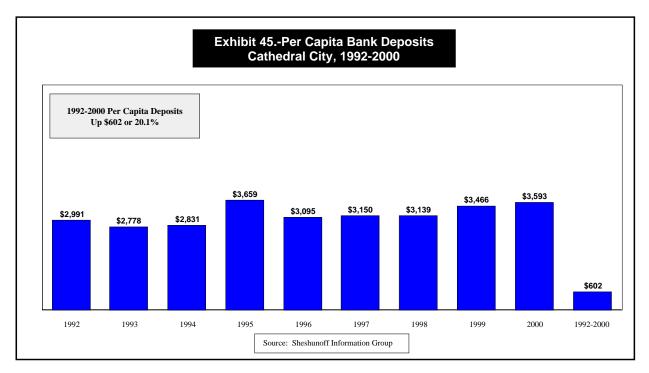
Source: CA Board of Equalization, calculations by Economics & Politics, Inc.

#### V. Banking

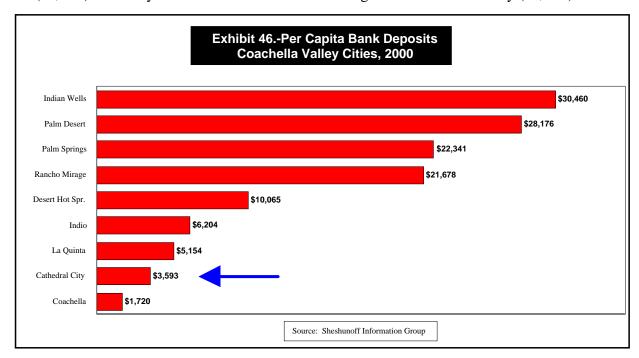


- Total deposits in Cathedral City's area financial institutions rose irregularly from \$106.2 million in 1992 to 157.5 million in 2000, a gain of \$51.3 million or 48.3% (*Exhibit 43*). This was well above the 17.2% gain in the Coachella Valley or the 13.7% increase in the surrounding Inland Empire.
- In 2000, Cathedral City's \$157.5 million in financial deposits ranked sixth in the Coachella Valley. Deposits in Desert Hot Springs were just higher (\$170.2 million). Those in La Quinta were the next lowest (\$128.0 million) (Exhibit 44).

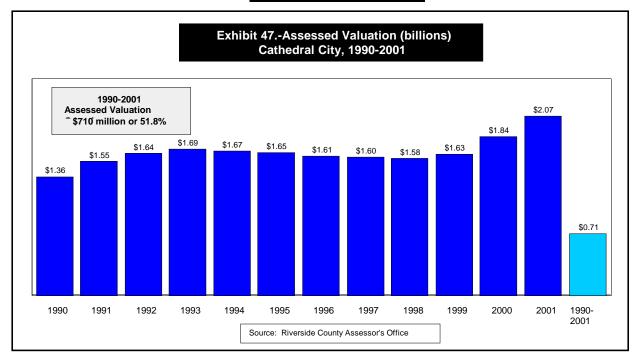




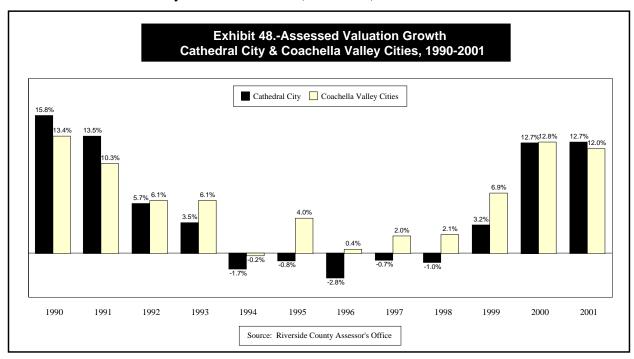
- Since 1997, deposits per capita in Cathedral City have risen irregularly from a low of \$2,991 to \$3,593, a gain of \$602 per person or 20.1% (*Exhibit 45*). The high figure occurred in 1995 (\$3,659). After that, deposits in U.S. banks generally fell off as consumers began relying more heavily on money market funds for their checking accounts and mutual funds for their savings. In the city, per capita deposits strengthen in 1999 and 2000.
- In 2000, Cathedral City ranked 8<sup>th</sup> in per capita deposits (\$3,593) of the Coachella Valley's nine cities (*Exhibit 46*). La Quinta was the next highest (\$5,154); Coachella was the lowest (\$1,720). The city's level was about half the average for Riverside County (\$7,551).

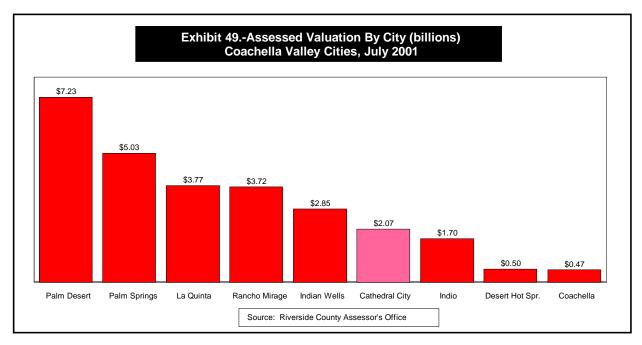


#### **VI. Assessed Valuation**

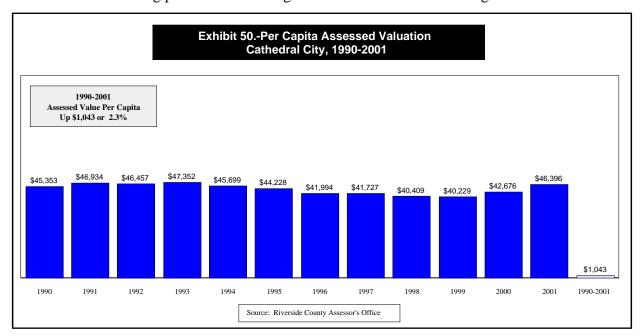


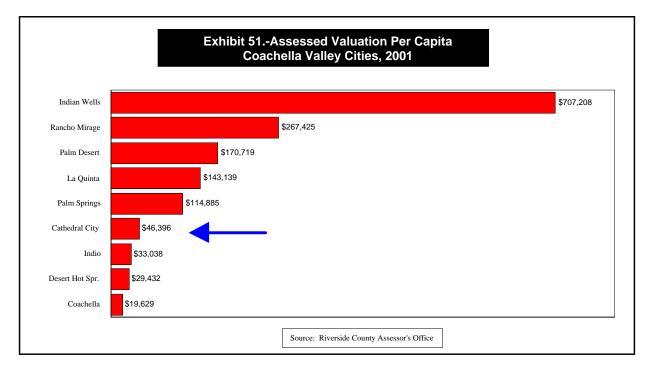
- Consistent with the expansion in Cathedral City's housing stock, its assessed valuation has accelerated in recent years. As a result, from 1990-2000, the city's valuation rose from \$1.63 billion to \$2.07 billion in 2001, a gain of \$710 million or 51.8% (*Exhibit 47*).
- From 2000 to 2001, Cathedral City's assessed valuation outperformed that of rapidly growing Coachella Valley. From July 2000 to July 2001, the city saw its assessed valuation increase by 12.7% versus the valley's 12.0%. The prior year, the city's growth was just below that of the valley 12.7% vs. 12.8% (*Exhibit 48*).





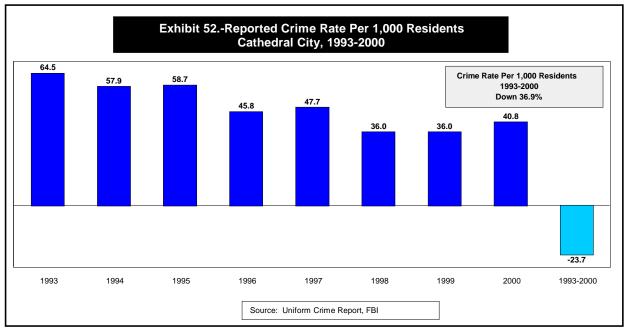
- In July 2001, Cathedral City's \$2.07 billion in assessed valuation ranked sixth among the Coachella Valley's nine cities. The valuation in Indian Wells (\$2.9 billion) was just higher. That in Indio was just lower (\$1.7 billion) (Exhibit 49).
- Assessed valuation per capita is another measure of a community's ability to finance governmental services for each resident. From 1990-2001, this measure rose 2.3% or \$1,043 in Cathedral City from \$45,353 to \$46,396 (*Exhibit 50*).
- The recession of the early 1990s caused this measure to sag for several years. However, it reached a low of \$40,229 in 1999 and increased in both 2000 and 2001. The gains will continue as housing prices rise in the tight Southern California housing markets.



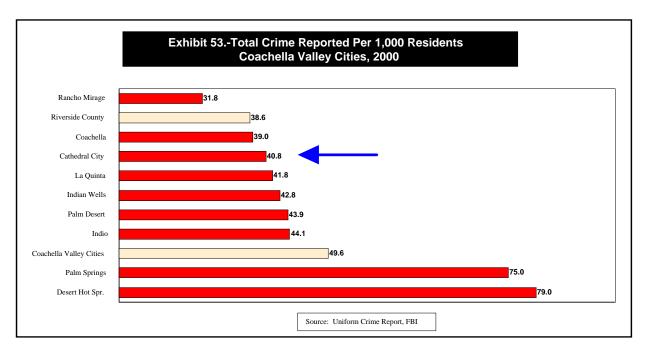


• In July 2001, Cathedral City had the sixth highest assessed valuation per capita in the Coachella Valley at \$46,396 (*Exhibit 51*). Palm Springs (\$114,885) was the next highest; Indio (\$33,038) was the next lowest.

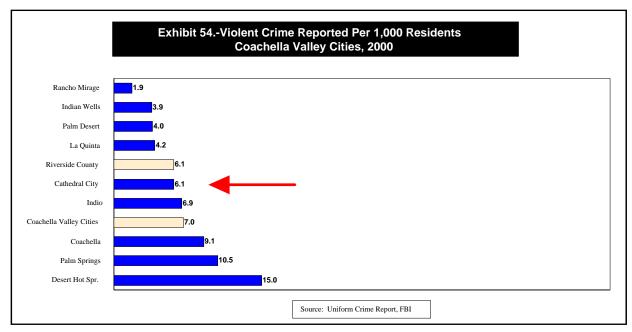
# VII. Crime Rates

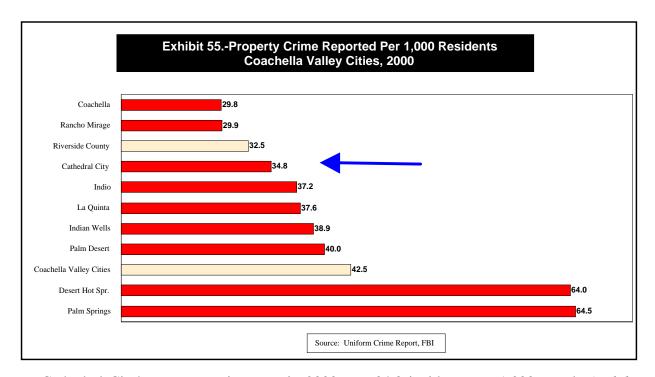


• Crime rates in Cathedral City were down dramatically since 1993. From 1993-2000, the number of incidents per 1,000 people fell from 64.5 to 40.8 incidents, a drop of 36.9% (*Exhibit 52*). This occurred as 541 fewer crimes (-23.2%) were reported despite the fact that population increased by 7,735 (21.4%).

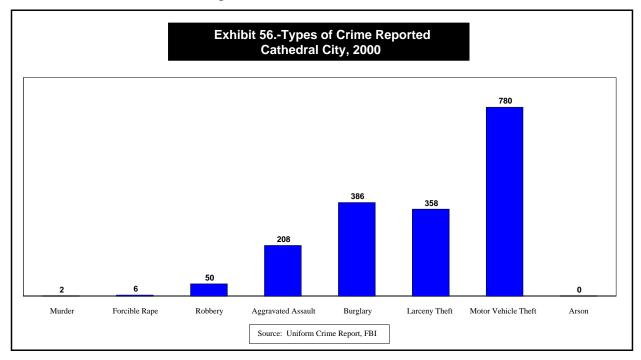


- By city, Cathedral City's 40.8 crimes per 1000 people in 2000 was the third lowest in the Coachella Valley. Coachella's rate was just lower at 39.0; La Quinta's was just higher at 41.8 (*Exhibit 53*).
- Total incidents averaged 38.6 per 1,000 Riverside County residents and 49.6 per 1,000 residents in the Coachella Valley generally. This is typical due to property related incidents in areas with large numbers of part-time homes and tourist visitors.
- Cathedral City reported 6.1 violent crimes per 1,000 people rate in 2000. That ranked 5<sup>th</sup> in the Coachella Valley and was even with the Riverside County rate (*Exhibit 54*). La Quinta was the next lowest at 4.2 incidents per 1,000 people. Indio was the next highest at 6.9.

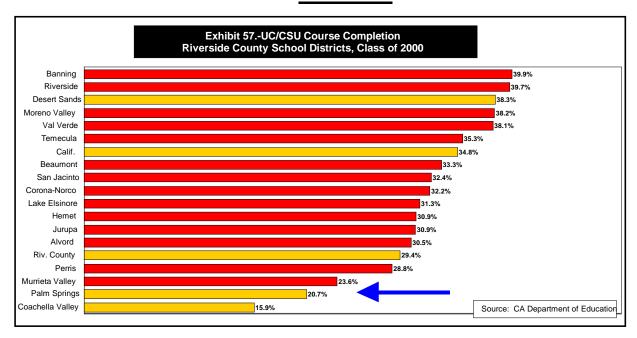




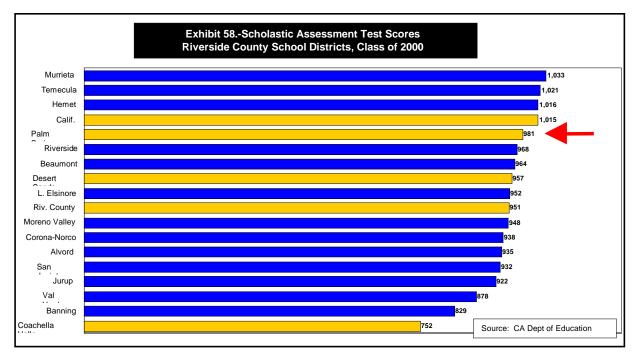
- Cathedral City's property crime rate in 2000 was 34.8 incidents per 1,000 people (*Exhibit* 55). This ranked third lowest in the Coachella Valley. Rancho Mirage was the next lowest (29.9). Indio was the next highest (37.2). The city's property crime was above the rate for Riverside County (32.5) and well below that for the Coachella Valley (42.5).
- In 2000, 85.1% of the 1,790 crimes report in Cathedral City were motor vehicle thefts (780), burglaries (386) and larceny theft (358). Just 0.4% percent were major violent crimes such as murder (2), arson (0) or rape (6) (Exhibit 56).

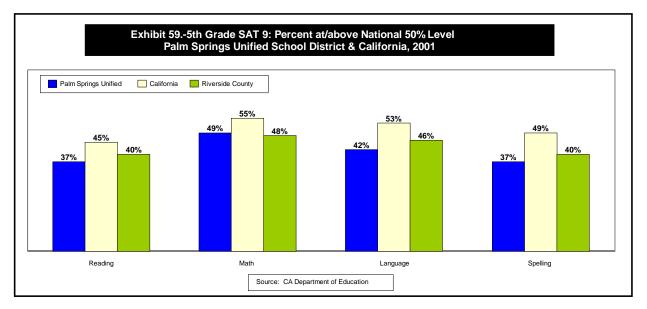


#### **VIII. Education**



- Cathedral City students are served by the Palm Springs Unified School District. Of the Class of 2000, 20.7% completed the courses required for University of California or California State University (*Exhibit 57*). The Riverside County average was 29.4%. The California average was 34.8%.
- The Palm Springs Unified School District saw 36.5% of its seniors take the 2000 Scholastic Assessment Test. Their the average score was 981. That was just below the California average of 1,015, but above Riverside County's average of 951 (*Exhibit 58*).





- Each year, California elementary school students are tested in reading, math, language and spelling. In 2001, the share of the Palm Springs Unified School District's 5<sup>th</sup> graders scoring at or above the national 50% level in math (49%) was higher than Riverside County. It was lower on the other three tests and below the California's average on each test (*Exhibit 59*).
- Similarly, high school students are tested on reading, math, language, science and social science. In 2001, the share of the Palm Springs Unified School District's 10<sup>th</sup> graders scoring at or above the national 50% level (41%, 43%) was higher than Riverside County in math and science, but lower on the other three tests. California's average was higher on each test (Exhibit 60).

